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# Message Text

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46
ACTION EUR-25

INFO OCT-01 ISO-00 SAJ-01 OMB-01 CIAE-00 COME-00 EB-11

INR-10 LAB-06 NSAE-00 RSC-01 SIL-01 TRSE-00 HEW-08

SCI-06 DODE-00 PM-07 H-03 L-03 NSC-07 PA-04 PRS-01

SP-03 SS-20 USIA-15 DRC-01 /135 W
---------- 111740
R 211851Z JUN 74
FM AMEMBASSY BONN
TO SECSTATE WASHDC 3379
INFO AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY MOSCOW
AMEMBASSY ROME
USMISSION NATO BRUSSELS
USMISSION BERLIN

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E.O. 11652: GDS
TAGS: PINT, GW
SUBJECT: PARLIAMENT PREPARES TO RECESS

SUMMARY: TAX REFORM BILL PROBABLY TO PASS AFTER COMPROMISE; ABORTION BEFORE THE SUPREME COURT; PRAGUE TREATY DELAYED. END SUMMARY.

1. AS OF JUNE 21, THE DAY OF THE LAST REGULARLY SCHEDULED MEETING OF THE BUNDESTAG BEFORE THE SUMMER RECESS, THE MAJOR BUSINESS OF PARLIAMENT LOOKS LIKE THIS:

A. TAX REFORM - THE 21-20 CDU/CSU MAJORITY IN THE BUNDESRAT HAS SENT THE GOVERNMENT'S TAX REFORM BILL TO THE BUNDESTAG-BUNDESRAT JOINT CONFERENCE COMMITTEE WHICH WILL SEEK A COMPROMISE ON JUNE 27 AND 28. THE OPPOSITION OPPOSES THE BILL AS PASSED BY THE BUNDESTAG BECAUSE

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IT BENEFITS ONLY THOSE WITH RELATIVELY SMALL INCOMES AND

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WILL NOT BENEFIT THEM FOR LONG BECAUSE THE YEARLY INCREASE IN WAGES NECESSARY TO OFFSET INFLATION WILL SOON PUT THEM IN A TAX BRACKET ABOVE THE SCOPE OF THE BILL. THE CDU/CSU CHARGE THAT THE GOVERNMENT IS IGNORING THOSE WITH MIDDLE INCOMES IS PARTICULARLY IRRITATING TO THE FDP BECAUSE OF ITS SELF-PROCLAIMED ROLE AS THE PROTECTOR OF THE MIDDLE CLASS. AS TAX LEGISLATION REQUIRES BUNDESRAT CONSENT, THE CDU/CSU COULD KILL THE PROPOSED BILL, BUT "TAX REFORM" IS SUCH A POTENT PHRASE POLITICALLY THAT A COMPROMISE WILL MOST PROBABLY BE WORKED OUT.

B. ABORTION - PRESIDENT HEINEMANN HAS SIGNED THE BILL PERMITTING ABORTION AT THE MOTHER'S DISCRETION DURING THE FIRST THREE MONTHS OF PREGNANCY, BUT THE CDU-CONTROLLED GOVERNMENT OF BADEN-WUERTTEMBERG, TOGETHER WITH THE CDU/CSU BUNDESTAG FRAKTION, HAS ASKED THE CONSTITUTIONAL COURT IN KARLSRUHE TO ISSUE AN INJUNCTION FORBIDDING IMPLEMENTATION OF THE LAW UNTIL THE COURT DECIDES WHETHER THE BILL IS OR IS NOT CON-

TRARY TO ARTICLE 2 OF THE BASIC LAW WHICH SAYS EACH PERSON HAS A "RIGHT TO LIFE". THE COURT WILL PROBABLY GRANT THE INJUNCTION AND DECIDE THE CONSTITUTIONAL ISSUE IN THE FALL.

C. BERLIN OFFICE OF ECOLOGY - THE DECISION BY THE CDU/CSU TO SUPPORT THE ESTABLISHMENT IN BERLIN OF AN OFFICE FOR THE PROTECTION OF THE ENVIRONMENT IS NOT SURPRISING BUT IT DOES NOT MEAN THAT THE BILL WILL AUTOMATICALLY BE SUPPORTED IN THE BUNDESRAT. THE QUESTION, SHOULD ONE ARISE, WOULD NOT BE A PARTY-

POLITICAL ONE BUT RATHER ONE OF JURISDICTION WITH SOME LAENDER ARGUING THAT THIS FEDERAL OFFICE MUST NOT INTERFERE WITH LAENDER RESPONSIBILITIES. HOWEVER, THERE IS LITTLE DOUBT THAT THE OFFICE WILL BE CREATED.

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---------- 111727
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D. PRAGUE TREATY - THE CDU/CSU IN THE BUNDESTAG VOTED UNANIMOUSLY AGAINST THE FRG-CZECHOSLOVAK TREATY ON THE GROUND THAT IT IS VAGUE AND TOO MUCH IN THE CZECHS' FAVOR AND THUS REPEATS THE ERRORS OF THE TREATIES WITH MOSCOW AND WARSAW. THE BILL OF RATIFICA-

TION DOES NOT REQUIRE BUNDESRAT ASSENT BUT THE CDU/CSU IN THE BUNDESRAT HAS DELAYED MATTERS BY REFERRING IT TO THE JOINT CONFERENCE COMMITTEE. CDU/CSU RECENT CRITICISM OF THE GOVERNMENT, PARTICULARLY OF WEHNER, IN CONNECTION WITH OSTPOLITIK HAS BEEN EVEN HARDER THAN A YEAR AGO WITH THE MODERATES OF YESTERDAY - E.G. KIEP - JOINING IN THE ATTACK.

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E. CO-DETERMINATION - FIRST READING OF THE GOVERNMENT'S BILL TO EXPAND CO-DETERMINATION IN INDUSTRY HAS BEEN COMPLETED BUT IT WILL PROBABLY NOT BE ENACTED UNTIL NEXT YEAR. NOT ONLY DOES IT HAVE CDU/CSI OPPOSITION, THE TRADE UNIONS ARE NOT IMPRESSED BY IT AND THE FDP IS HAVING SECOND THOUGHTS AS IT EXAMINES RECENT LOSSES AMONG THE MIDDLE CLASS, TRADITIONALLY THE MOST IMPORTANT SOURCE OF ITS SUPPORT.

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2. THE BUNDESTAG WILL HAVE A SPECIAL SESSION JULY 1 TO SWEAR IN SCHEEL AS FEDERAL PRESIDENT AND JULY 2 TO CONSIDER THE TAX BILL COMPROMISE IT EXPECTS WILL HAVE BEEN REACHED BY THEN AS WELL AS OTHER MATTERS NOW IN THE JOINT CONFERENCE COMMITTEE INCLUDING, PRESUMABLY, THE PRAGUE TREATY.
HILLENBRAND

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**Original Previous Handling Restrictions:** n/a
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**Status:** NATIVE
**Subject:** PARLIAMENT PREPARES TO RECESS SUMMARY: TAX REFORM BILL PROBABLY TO  PASS AFTER
**TAGS:** PINT, GE, CZ
**To:** STATE
**Type:** TE
**Markings:**  Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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